

## Weather

**Today:** Mostly cloudy.  
High 58. Low 42.  
**Wednesday:** Possible  
showers. High 60. Low 39.

Details, Page B8

128TH YEAR No. 65 M2 MD

# The Washington

TUESDAY, FEBRUARY 8, 2005

## President Sends '06 Budget to Congress

Programs Are Cut,  
But War Costs  
Are Not Included

By PETER BAKER  
Washington Post Staff Writer

President Bush sent Congress a \$2.57 trillion federal budget yesterday that is designed to project U.S. power and priorities overseas while squeezing government programs at home but would not make a sizable dent in the nation's record deficit next year, despite politically painful cuts.

While pumping more money into the Pentagon and foreign aid programs, the budget for the 2006 fiscal year would slash funding for a broad array of other government services as part of the deepest domestic reductions proposed since the Reagan era. In the long term, the fiscal plan envisions holding non-security discretionary spending flat for the next five years to fulfill Bush's promise to cut the deficit in half by 2009.

Yet, because of the cost of the continuing wars in Iraq and Afghanistan, documents released yesterday make it clear that the administration may make little if any progress in curbing the red ink in the short run. The budget projects the deficit falling from an all-time high of \$427 billion this year to \$390 billion next year, but does not count the warfare expenses it expects in 2006. If the administration continues to spend at current rates, it will need more than \$37 billion for the conflicts in 2006, leaving the deficit undiminished.



POOL PHOTO BY MARK GARFINKEL



## Guilty Verdicts Against Ex-Priest in Massachusetts

John Harris, who says he was raped at age 21 by now-defrocked Roman Catholic priest Paul R. Shanley, is hugged by Robert Costello as guilty verdicts against Shanley are read in Cambridge, Mass. Shanley, at left, is to be sentenced next week. The former



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## Guilty Verdicts Against Ex-Priest in Massachusetts

John Harris, who says he was raped at age 21 by now-defrocked Roman Catholic priest Paul R. Shanley, is hugged by Robert Costello as guilty verdicts against Shanley are read in Cambridge, Mass. Shanley, at left, is to be sentenced next week. The former priest, now 74, was convicted on two counts of child rape, each of which can carry a life sentence, and two counts of indecent assault and battery against a child under 14. The case was based on testimony by another accuser, a former altar boy who says he "recovered" memories of abuse from the 1980s. **NATION**, Page A2

on and Palestinian Authority President Mahmoud Abbas at a summit in the Egyptian resort of Sharm el-Sheikh will not amount to a joint cease-fire agreement, the officials said Monday. Rather, they said, they are intended to reinforce each other, and the commitments made by each side will be dependent on the other fulfilling its obligations.

Saeb Erekat, a Palestinian cabi-

ment saying that, to the extent the Palestinians stop violence, Israel will stop all military activity. ... The end result will be, if it's followed, that a cease-fire will be in place."

In the campaign to replace the late Yasser Arafat as president of the Palestinian Authority, Abbas sought to build support among Pal-

See MIDEAST, A18, Col. 1

# Md. Firm Accused Of Asbestos Coverup

## Contamination Scars Montana Town

By **CARRIE JOHNSON**  
and **DINA ELBOGHADY**  
*Washington Post Staff Writers*

Federal prosecutors yesterday charged W.R. Grace & Co. with exposing mine workers and residents in a small mountain community in Montana to deadly asbestos and covering up the danger.

The Columbia-based chemical manufacturer stands accused of breaking environmental laws and obstructing justice by misleading government officials probing the widespread contamination. The company allegedly buried a paper trail dating back to 1976 that traced how asbestos dust from its mine had permeated the lungs of workers, their family members and even residents who jogged on the high school running track in Libby, Mont.

Seven current and former employees also were charged with participating in the conspiracy.

The death rate from asbestos in Libby and surrounding areas is 40 to 80 times higher than elsewhere in the state and the nation, according to the indictment filed yesterday. A rare type of cancer that normally occurs in nine in a million individuals shows up in at least 20 of the approximately 8,000 residents of the area, according to the indictment.

In 1977, an animal study commissioned by Grace linked the type of



BY CHRIS JORDAN FOR THE WASHINGTON POST

Les Skramstad is among the asbestos victims in Libby, Mont. In 1996, he was told he had 10 years to live.

## Multiple Counts

Criminal charges against W.R. Grace & Co.:

- Three counts of Clean Air Act violations.
- Four counts of obstruction of justice.
- Two counts of wire fraud.
- One count of conspiracy.

asbestos from the mine to cancer, according to court papers. The company did not tell its workers what it had found, prosecutors alleged. Although Grace improved safety measures after it bought the plant, prosecutors now allege they were not sufficient.

Even after learning about the can-

See GRACE, A14, Col. 1

# Diagnosis for Overweight Disorders Add Up to 'Metabolic Syndrome'

lives on Capitol Hill. "But I never thought about this. I never heard of this."

Savoy has joined the growing number of Americans who are being told they have "metabolic syndrome," a diagnosis that has become alarmingly common, primarily because of the obesity epidemic. A syndrome is a collection of symptoms that make someone prone to disease.

The metabolic syndrome, probably caused by a fundamental malfunctioning of the body's system

for storing and burning energy, is defined by having a cluster of risk factors such as elevated blood pressure, poor blood sugar control, high levels of fats in the blood called triglycerides and low HDL, or "good" cholesterol. Individually, each factor may not be highly dangerous, but together they appear to sharply boost the danger of major health problems, notably heart disease, diabetes and, possibly, certain types of cancer.

See SYNDROME, A8, Col. 3

## INSIDE

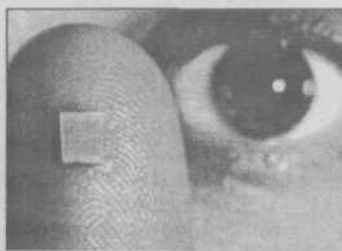
### AP Test Scores Up

Montgomery County students' Advanced Placement college exam results are among the best in the nation.

**METRO**, Page B1

### Teacher Cash, Cachet

Elite teachers in the D.C. region are



# Riggs Files Suit Against PNC Over Collapse Of Merger Talks

By Thompson O'Hara

# Asbestos Conspiracy Alleged

GRACE, From A1

cer link, Grace donated mining scraps to the local high school to pave its running track. In 1981, a Grace employee sampled dust kicked up by runners and told Grace in writing that he found "surprisingly high" levels of asbestos fibers. Grace resurfaced the track later that year, but according to the indictment, the company "failed to completely remove" the contaminants.

Montana U.S. Attorney William W. Mercer said in an interview that what happened in Libby amounted to a "human environmental tragedy" for which Grace and several top officials must be held accountable. Environmental Protection Agency officials say the Libby mine, which has been designated a federal Superfund site, marks one of the most significant health disasters they have ever faced.

Grace, which filed for bankruptcy protection in April 2001 because it was facing thousands of asbestos claims nationwide, denies the charges. "Grace categorically denies criminal wrongdoing," the company said in a prepared statement. "We look forward to setting the record straight in a court of law."

Executives charged in some of the counts include three current Grace employees: former mine manager Alan R. Stringer, who now represents Grace in the Superfund cleanup; O. Mario Favorito, who was former corporate legal counsel and is now assistant secretary; and senior vice president Robert J. Bettacchi. Four former executives also were charged: Henry A. Eschenbach, Jack W. Wolter, William J. McCaig and Robert C. Walsh.

Attorneys representing Stringer, Favorito, Wolter and Walsh disputed the charges against their clients. Lawyers for the other men could not be reached for comment. Mercer said the company and the seven individual defendants could make their first court appearance as early as next month.

Environmental experts say material from the Libby mine afflicted many people who never worked there. Thick dust from operations settled all over town: near the railroad tracks where material was carted away, at a plant that bordered the Little League baseball diamond, and on the high school football field where team members scrimmaged. According to the indictment, 1,200 area residents have lung abnormalities because of exposure to asbestos from the Grace mine. About 70 percent of them never worked at the site, government lawyers said.

For decades, Libby residents picnicked near the mine site a few miles out of town, took bags of contaminated mine waste to use in their gardens and as attic insulation, and brushed fibers off their clothing.

Dean Herreid, a 40-year-old teacher who has been diagnosed with lung problems tied to asbestos exposure, recalled stacking material from the mine at the railroad tracks, then watching as the passing trains stirred up immense clouds of dust. Libby Mayor Tony Berget said he even took a piece of the mine's asbestos-contaminated vermiculite with him on a high school wrestling trip to Europe, delighting his companions when he set fire to it and caused a loud "pop."

Medical experts now say that spiky asbestos fibers in the dust from the mining attack the lining of victims' lungs, often leading to persistent hacking coughs, severe chest pain and shortness of breath. The health effects can be so severe that sufferers like 88-year-old Dorothy I. Kittilson, who lost two husbands to asbestosis and who uses an electric cart to move around her house, must always carry oxygen tanks with them.

Asbestos is a naturally occurring substance that businesses once embraced as a cheap way to insulate and fireproof homes and other buildings. In the past few decades, its dangers have become clear as thousands of asbestos industry workers suffering from lung problems and cancers filed lawsuits against their former employers.



Drs. Alan Whitehouse, left, and Brad Black treat Libby, Mont., asbestos patients.

Patient right



Dorothy Kittilson and husband Wayne used oxygen for asbestosis. Wayne died a month after this





# Conspiracy Alleged



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Patient rights advocate Gayla Benefield lost her parents to asbestosis.



PHOTOS BY CHRIS JORDAN FOR THE WASHINGTON POST

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**Tiny Libby has become an outpost for research on the health and environmental effects of asbestos. The area surrounding the town's**

## Health Issues

- The rate of death from asbestosis in Libby, Mont., is 40 to 80 times higher than in the rest of the United States.
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Grace, which employs more than 6,000 people worldwide—1,200 in Maryland—bought the Libby mine in 1963 from the Zonolite Co., which had been running it for decades. Grace reaped profits of \$140 million from sales of contaminated products between 1976 and 1990, the indictment said.

The mine contained prolific deposits of vermiculite, a golden mineral used in attic insulation, potting soil and fireproofing, including a spray produced by Grace designed to keep the steel beams of buildings from melting under extreme heat. But the vermiculite contained a deadly form of naturally occurring asbestos, which workers had to separate along with other contaminants and which wafted over employees, down the mountain and into the town.

As science evolved through the decades, Grace better understood the health effects of asbestos and took steps to reduce exposure to dust levels, said William M. Corcoran, vice president of public and regulatory affairs, in an interview last week. But science did not evolve quickly enough, he said, and people got hurt. Grace shuttered the mine in 1992.

"We take seriously our responsibility at Libby," Corcoran said. "We can't turn back the clock and remove the exposure they experienced. If we could, we would. All we can do today is give them as much support as possible with their health problems, and that's what we're trying to do."

The indictment comes as another milestone looms in the



Dorothy Kittilson and husband Wayne used oxygen for asbestosis. Wayne died a month after the



long-running national battle over asbestos. Sen. Arlen Specter (R-Pa.) may introduce a bill later this month that would create a \$140 billion trust fund for asbestos victims. Scores of companies, like Grace, have sought bankruptcy protection amid lawsuits from former workers suffering from asbestos-related conditions.

Libby resident and longtime victims' advocate Gayla Benefield, 61, said both of her parents died of asbestos-related diseases. She and her husband of 40 years have been diagnosed with lung abnormalities, and she worries about her grandchildren, who attended a local school where asbestos was

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Johnson reported from Libby, Washington. Researcher R. this report.

## Prosperity Turned to Poison in Mining Town

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PHOTOS BY CHRIS JORDAN FOR THE WASHINGTON POST

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**Tiny Libby has become an outpost for research on the health and environmental effects of asbestos. The area surrounding the town's vermiculite mine has an asbestos death rate 40 to 80 times higher than the rest of Montana and the nation, according to a federal indictment filed yesterday against W.R. Grace & Co. of Columbia.**

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*Johnson reported from Libby, ElBoghdady from Washington. Researcher Richard Drezen contributed to this report.*

## Health Issues

- The rate of death from asbestosis in Libby, Mont., is 40 to 80 times higher than in the rest of the United States.
- To date, approximately 1,200 residents of the area have been identified as having asbestos-related abnormalities. —Of that group, 70 percent are not former employees of the Libby mine.
- Airborne exposure to tremolite asbestos can cause a fatal form of cancer know as mesothelioma. This cancer is extremely rare, resulting in no more than nine cases per one million people in the U.S. population.
- Over twenty cases of mesothelioma have been identified among about 8,000 people who lived or worked in Libby and surrounding areas.



# Poison in Mining Town

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*Johnson reported from Libby, Washington. Researcher Ric Johnson reported this story.*

## Prosperity Turned to Poison in Mining Town

By **CARRIE JOHNSON**  
and **DINA ELBOGHADY**  
*Washington Post Staff Writers*

**LIBBY, Mont.**—When Les Skramstad first reported for work in the mine that looms over this white-capped mountain town, the 23-year-old had the world in front of him.

"I'm telling you, I felt like I could jump over a building if I had to," he said of his days sweeping the floors at the mine site and his nights moonlighting as a country and western crooner.

Norita, his wife, has different memories of the early 1960s—of dust that spewed into the air, filling her husband's wallet and clinging to his laundered work clothes as she wrung them out to dry in the front room. That dust, now known to be contaminated with a particularly deadly form of asbestos from the mine, eventually sickened them both, they believe, and left two of their children coping with lung abnormalities.

The rail-thin cowboy, now 68, took several halting steps across the maroon carpet before settling heavily into a matching easy chair during a recent interview. A blazing fire in the living room was stoked high to ease his circulation troubles.

Even though Skramstad worked at the mine for less than three years, his job sometimes involved separating the vermiculite ore mined there and the asbestos that clung to it by hand—increasing the chances his lungs would absorb the spiky asbestos fibers. After he developed a persistent cough in 1996, friends prodded him to visit an out-of-town doctor who diagnosed him with asbestosis and told him he had 10 years to live.

The Skramstad family is one of scores in

Libby that have had to deal with diagnoses of asbestos-related disease. This town of fewer than 3,000 amounts to the biggest environmental disaster site in terms of human health that the Environmental Protection Agency has ever faced, government officials said.

Yesterday, federal prosecutors unsealed indictments against W.R. Grace & Co. and seven current and former executives for breaking environmental laws and conspiring to cover up what happened in Libby. Grace, now based in Columbia, and the officials deny the charges.



**Mayor Tony Berget** said he is eager for his town to get a clean bill of health.

The criminal prosecution comes as long-awaited vindication for residents such as Mike Noble, 53, who worked at the mine for 21 years. He said his lungs now operate at 67 percent capacity, leaving him short of breath after physical activity.

"We need to tell corporate America, you need to be held responsible," Noble said, sipping coffee from a John Deere mug on a recent snowy morning.

A sign on Highway 2 leading up to Libby from Glacier National Park proclaims that Lincoln County is "better for business." The county, which encompasses Libby and the former Grace mine, also has the highest death rate in the nation from asbestos or asbestos-related conditions, according to evaluations by the Agency for Toxic Substances and Disease Registry, a unit of the Department of Health and Human Services.

Yet even now, many Libby residents say Grace is getting a bad rap. They say the company inherited some of the asbestos problems—and liability for employees like Skramstad—from the Zonolite Co., which sold Grace the mine, a mill and other assets for about \$9 million in 1963.

By April 2001, Grace had received 206 asbestos-related personal injury claims from Libby, said William M. Corcoran, vice president of public and regulatory affairs at Grace.

Of those claims, 120 were from people exposed to asbestos prior to 1963. An additional 79 were from workers employed between 1963 and 1974. After 1974, when Grace started spraying a fine mist at the enclosed mill to keep vermiculite dust from getting airborne, the number of claims dropped to seven.

"So we were doing something right," Corcoran said.

Grace also spread its wealth across this town for decades, donating baseball uniforms and providing hundreds of steady jobs in this remote region.

"There's lots of people that aren't real harsh on Grace, because they were the Cadillac of jobs at the time in this town," said two-term mayor Tony Berget, over a cheeseburger lunch at Antler's Restaurant.

Berget said many residents have lashed out at the most assertive victims. He said that he hears some residents say, "Some of the more vocal ones, they had a cigarette in their mouth and one lit in their hands."

Smokers who worked with asbestos have a 50 to 90 percent greater risk of contracting lung cancer than other people, according to the American Cancer Society. That's why Grace in 1977 stopped hiring people who smoked and in 1978 banned smoking on company premises, company officials said.

Even before then, Grace said it made safety improvements, such as requiring respirators, improving ventilation and X-raying employees.

Noble said that when he started work at the Grace mine in 1970, just out of high school, it was difficult to see even a 300-watt light bulb because of the dust swirling in the air. Things got better over the years, Noble said, as Grace took measures to reduce the dust. Grace

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*Johnson reported from Libby, ElBoghdady from Washington. Researcher Richard Drezzen contributed to this report.*

## Poison in Mining Town

deal with diagnoses of cancer. This town of fewer than 10,000 people, one of the biggest environmental disasters in human health history, is now the focus of a U.S. Environmental Protection Agency investigation.

Prosecutors unsealed indictments against Grace & Co. and several executives for breaking federal laws by conspiring to cover up contamination in Libby. Grace, a Columbia, and the federal government are facing criminal charges.

Libby's criminal prosecution is a long-awaited vindication for residents such as Mike Noble, who worked at the mine for 21 years and had his lungs now operate at 20 percent capacity, leaving him with a constant cough.

Libby residents need to be held responsible, said, sipping coffee from a Deere mug on a rainy morning.

Highway 2 leading up to the National Park property is "better for business" than the highway that encompasses Libby, which also has the highest concentration of asbestos-related claims from 1999 to 2000. Grace says only 206 of the 325,000 injury claims were from Libby.

Libby residents say they are the cause of the asbestos problems. Employees like Skramstad, who sold Grace assets for about \$9

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stopped mining in 1990 but continued operations at the site until 1992.

But the improvements didn't stop current and former workers from getting sick, including some managers at the site, according to earlier news reports.

Though some former workers' medical costs have been borne by either workers' compensation or a Grace-sponsored health care plan, others have sued. Skramstad was one of the first former miners to sue Grace and win a court judgment.

For his part, Berget said he thinks the town is working past its troubled history.

"I think I'd just like to see the EPA stamp that says 'clean bill of health' and move on," Berget said.

But estimates of when the EPA will finish its work in Libby range from 2008 to 2010, about a decade after it began.

The EPA parachuted into Libby in 1999 after a report about the health crisis in the Seattle Post-Intelligencer. The agency already has spent \$86 million to clean up the mine, a nearby plant where the vermiculite was processed and hundreds of area homes contaminated with asbestos. Jim Christiansen, the EPA project manager, says an additional \$20 million may be spent this year alone. The agency continues to fight Grace in court over a \$54 million award the government won to help cover the costs of the cleanup.

"It's not the biggest EPA cleanup in terms of dollar figures," Christiansen said recently from the agency's downtown Libby office, just a few steps from Grace's quiet storefront location. "But it's the biggest site in terms of human impact that EPA has ever faced, so the stakes are as high as they get."

"It's clear to most people that Grace should have done more," he added. "They knew there was a problem and they didn't act appropriately. And it made a lot of people sick."

*Johnson reported from Libby, ElBoghdady from Washington.*

## Timeline

- 1939 Zonolite Co. formed to mine and process vermiculite at Libby mine.
- 1963 W.R. Grace & Co. purchases the mine and other assets from Zonolite for about \$9 million.
- 1974 Grace receives first asbestos-related workers' compensation claim in Libby.
- 1977 A Grace-commissioned study of hamsters finds a link between asbestos fibers and cancer. Separately, the first asbestos-related personal injury lawsuits from Libby are filed against Grace.
- 1990 Grace stops mining vermiculite at Libby (processing continues until 1992).
- 1999 EPA arrives in Libby to investigate news report about asbestos-related health crisis and later declares area a Superfund site. EPA has spent \$86 million on cleanup. Grace moves headquarters to Columbia from Boca Raton, Fla.
- 2000 Grace initiates medical coverage for Libby residents diagnosed with asbestos-related diseases.
- 2001 Grace and 61 domestic subsidiaries file for bankruptcy protection, citing 81 percent spike in asbestos claims from 1999 to 2000. Grace says only 206 of the 325,000 injury claims were from Libby.
- 2005 Federal prosecutors charge Grace with knowingly exposing mine workers and residents in Libby to asbestos and covering up the danger. Seven current and former employees also face charges.

SOURCES: Company and U.S. Attorney for the District of Montana